

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Scotland

Permanent placements growth accelerates to 43-month record in May

Key points:

- Permanent appointments and temp billings both rise at steeper rates
- Sharp increase in demand for staff as candidate availability falls further
- Starting salaries and temp wages rise sharply

Summary:

According to the latest IHS Markit Report on Jobs for Scotland, permanent staff appointments increased substantially during May. Scottish recruitment agencies also reported a sharp rise in temp staff billings. Vacancies for both permanent and temporary job roles increased markedly, however the availability of staff to fulfil these openings continued to deteriorate sharply. Concurrently, permanent salaries and hourly pay rates rose further.

Permanent placements increased at a sharp and quickened pace midway through the second quarter. Furthermore, the rate of expansion was the strongest in 43 months and outpaced that seen at the national level. In fact, UK level data signalled the weakest rise in permanent staff placements since December 2017. Scottish recruiters also signalled a steep rise in temp billings during May, with the rate of increase accelerating to a 45-month high. Meanwhile, contract staff billings at the UK level rose at the fastest pace in five months.

Demand for permanent staff in Scotland remained elevated in May, with growth of vacancies close to April's ten-month peak. Furthermore, demand for permanent staff in Scotland increased at a quicker pace than that for seen the UK as a whole. Likewise, temporary job openings rose markedly, however slower rates of expansion were observed for both Scotland and the UK overall.

Overall candidate availability continued to deteriorate during the latest survey period. Permanent staff supply declined at an historically steep pace, while short-term candidate availability fell at the fastest pace since June 2015. Sharp decreases were also recorded at the national level for both permanent and temporary staff.

Salaries and wage continued on an upward trend amid strong staff demand and falling labour supply. Starting salaries awarded to newly-placed workers in Scotland increased at the quickest pace in three months. However, the rate of inflation was softer than the UK average. Temp wages also rose, albeit to a slightly weaker extent than in April.

Comment:

REC Director of Policy Tom Hadley says:

"Despite growth in demand for staff this month, we have seen another severe drop in staff availability. Whilst it is encouraging to see a rise in staff appointments for permanent and temporary staff, indicating that employers are feeling confident in making hiring decisions, a lack of candidates remains a major challenge for recruiters - particularly in areas like nursing, engineering, manufacturing and IT. Staff shortages are becoming business critical in many of these key sectors.

"Because of the lack of candidate availability we are seeing employers paying higher salaries to attract the right people. This is only part of the solution, with employers also having to think about providing a more flexible working environment and progression opportunities. With skills needs and candidate expectations continuing to evolve, employers are having to radically re-imagine their hiring procedures. Government can help by ramping up the UK skills base and ensuring a balanced and evidence-based immigration system."

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Note to Editors:

This report, compiled by IHS Markit, is based on a monthly survey of around 100 recruitment and employment consultants, and provides up-to-date information on Scottish labour market trends and is seasonally adjusted.

The information in this report is directly comparable with the REC Report on Jobs survey for the UK, which uses an identical methodology. The REC index for the UK has a strong track record of accurately anticipating changes in unemployment, employment and average earnings.

All Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with reading of exactly 50.0 signalling no change on the previous month. Readings above 50 signal an increase or improvement; readings below 50 signal a decline or deterioration. Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

A regional Report on Jobs series is now available comprising five regional reports tracking labour market trends across the Midlands, the North of England, the South of England, Scotland and London. The reports are designed to provide a comprehensive and up-to-date guide to labour market trends and the data are directly comparable with the UK Report on Jobs.

About the Recruitment & Employment Confederation

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